

Pepper Group Employee Incentive Plan

Plan Rules

Pepper Group Limited

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Table of Contents

Definitions and interpretation	4
1 Definitions	4
2 Interpretation	8
3 Prior rules	8
Introduction	8
4 Name of Plan	8
5 Implementation of Schemes under the Plan	8
6 Purposes of Plan	9
7 Commencement of Plan Rules	9
8 Financial assistance	9
Eligibility and approvals	9
9 Eligibility	9
10 Approvals	9
Invitations and Advances	9
11 Invitation	9
11.1 Board may issue Invitations	9
11.2 Terms of Offer.....	10
11.3 Plan Share Conditions.....	10
11.4 Performance Conditions.....	10
11.5 Exercise Conditions	10
11.6 How to apply for Plan Shares, Performance Rights or Options.....	10
11.7 Undertaking to be bound.....	11
11.8 Independent advice.....	11
12 Loan Shares	11
12.1 Company may make advance.....	11
12.2 Lien.....	11
Issue or transfer of Plan Shares, Performance Rights or Options	11
13 Company to issue, transfer or grant	11
13.1 Issue and grant to Participant.....	11
13.2 Issue or transfer of Plan Shares to Scheme Trustee	12
14 Certificate	12
15 Registers of Plan Shares, Performance Rights and Options	12
16 Listing of Plan Shares on ASX	13
Performance Rights and Options specific provisions	13
17 Performance Rights	13
17.1 Vesting of Performance Rights.....	13
17.2 Rights attaching to Performance Rights	13

17.3	Lapsing of Performance Rights	13
18	Options	13
18.1	Rights attaching to Options	13
18.2	Manner of exercise.....	13
18.3	Requirements for exercise	14
18.4	Board may extend Expiry Date.....	14
18.5	Lapsing of Options	14
	Takeover Events, winding-up and variations of capital.....	14
19	Takeover Events and winding-up	14
19.1	Accelerating Vesting	14
19.2	Acquisition of shares in Acquiring Company.....	14
20	Variations of capital.....	15
20.1	Bonus issues and reorganisations of capital.....	15
20.2	Limited rights.....	15
	Forfeiture	16
21	Fraudulent or dishonest actions.....	16
22	Refund of monies paid on forfeiture	17
	Issue or transfer of Plan Shares and ranking.....	17
23	Issue or transfer.....	17
24	Plan Shares rank pari passu	17
	Administration and variation	18
25	Administration	18
25.1	Board to administer	18
25.2	Board directions	18
25.3	Board has unfettered discretion.....	18
25.4	Fractions of Shares rounded	18
25.5	Payments net of tax	18
25.6	Transaction costs.....	19
25.7	Board's decision is final.....	19
25.8	Adjustments to Plan in case of foreign resident Participant	19
25.9	Attorney	19
25.10	Data protection.....	19
25.11	Correction of errors	19
26	Variations to Plan Rules and Scheme Trust Deed.....	20
26.1	Board may vary	20
26.2	Exception where material adverse effect.....	20
26.3	Board must notify	21
	General provisions.....	21
27	Terms of Employment	21
27.1	Employment not affected.....	21
27.2	Rights and obligations under Scheme not affected.....	21
27.3	No claims	21
28	No Disposal.....	21
28.1	Plan Shares	21

	28.2	Performance Rights and Options	21
29		Compliance	22
30		Inconsistency.....	22
31		Notices	22
32		Suspension or termination of a Scheme.....	22
33		Governing Law.....	22

Definitions and interpretation

1 Definitions

In these Plan Rules and each Offer Document, unless the context otherwise requires:

Acceptance Date means, in relation to a Performance Right, Plan Share or Option, the date on which a Participant's application for the Performance Right, Plan Share or Option is, or is deemed to be, accepted by the Board.

Advance has the meaning given in Rule 12.1(a).

Amount Outstanding means, in relation to a Loan Share at any given time, the aggregate amount of the Advance and any accrued interest payable pursuant to the loan agreement in respect of that Loan Share which is outstanding at that time.

Applicable Law means any one or more of the following as the context requires:

- (a) the Corporations Act;
- (b) the Listing Rules;
- (c) the Constitution of the Company;
- (d) the Income Tax Assessment Act 1997 (Cth) and the Tax Administration Act 1953 (Cth); and
- (e) any applicable Guidance Note which clarifies, expands or amends (a), (b), (c) or (d) above.

ASIC means Australian Securities and Investments Commission.

Associate has the meaning given by section 318 of the *Income Tax Assessment Act 1936* (Cth).

ASX means ASX Limited or the Australian Securities Exchange, as the context requires.

Board means the board of directors of the Company or, where the context requires, a committee of that board.

Business Day means any day other than a Saturday, Sunday or a public holiday or bank holiday in Sydney.

Class Order means any regulatory guide or class order issued by ASIC granting Class Order Relief.

Class Order Relief means relief in relation to disclosure, licensing or other compliance obligations under the Corporations Act in relation to a employee incentive scheme financial product offering.

Company means Pepper Group Limited ACN 094 317 665.

Commencement Date means the date of commencement of these Plan Rules in accordance with Rule 7.

Corporations Act means *Corporations Act 2001* (Cth).

Dispose means any disposal, including:

- (a) a sale, transfer, assignment, declaration of trust, grant of Security Interest, grant of option, swap transaction or any alienation of all or any part of the rights;

(b) any hedging or other transaction intended to limit economic risk.

Disposal Restrictions means, in relation to a Plan Share, any restrictions in relation to the disposal of that Plan Share which are additional to the restrictions set out in Rule 28.1(a).

Eligible Employee means a person currently Employed by a Group Entity and determined by the Board to be eligible to participate in a Scheme.

Employed means employed as an employee, appointed as an executive officer or engaged as a consultant on a permanent basis (whether full time, part time or on a long term casual basis).

Exempt Scheme has the meaning given by Rule 5(b).

Exercise Condition means, in relation to an Option, a condition prescribed by the Board as having to be satisfied before the Option may be exercised, being a condition determined in accordance with Rule 11.5 and specified in an Offer Document.

Exercise Price means, in relation to an Option, the amount (if any) payable on exercise of the Option as stated in the Invitation.

Expiry Date means, in relation to an Option, the final date by which the Option may be exercised as specified in or determined in accordance with the Terms of Offer, as extended (if applicable) in accordance with Rule 18.4.

Group Entity means:

- (a) the Company;
- (b) any related body corporate of the Company;
- (c) any entity controlled by the Company or any of its related bodies corporate within the meaning of section 50AA of the Corporations Act; and
- (d) any other entity the Board determines to be a Group Entity.

Guidance Note means any practice note, policy statement, Class Order, declaration, ruling, judicial interpretation or other guidance note made or issued by an Australian or foreign regulatory agency or body.

Invitation means an invitation to apply for a Performance Right, Plan Share or Option that is made to an Eligible Employee in accordance with Rule 11.

Issue Price means the amount (if any) payable for the issue or transfer of a Plan Share or grant of a Performance Right or Option as stated in the Invitation.

Listing Rules means the official listing rules of the ASX and any other rules of ASX which are applicable to the Company while the Company is admitted to the Official List of ASX.

Loan Share means a Plan Share acquired whether in part or in whole using an Advance made by the Company. A Plan Share remains a Loan Share until such time as the total Amount Outstanding has been repaid in full.

Nominee Participant means an Associate of an Eligible Employee who the Eligible Employee nominates as the entity to which Plan Shares are to be issued or transferred or Performance Rights or Options granted, or for whom the Scheme Trustee is to issue Units or hold Plan Shares, under a Scheme and who is approved for that purpose by the Board.

Offer Document means, in relation to a Performance Right, Plan Share or Option:

- (a) these Plan Rules;
- (b) the Terms of Offer;
- (c) any loan agreement in respect of a Loan Share;
- (d) any Scheme Trust Deed;
- (e) the Constitution of the Company;
- (f) the Eligible Employee's application for the Performance Right, Plan Share or Option;
- (g) the certificate issued with respect to the Performance Right, Plan Share or Option under Rule 14; and
- (h) any other document determined by the Board to be an Offer Document for the purposes of these Plan Rules.

Option means an option granted under a Scheme to acquire, by subscription, one or more Plan Share(s).

Participant means a person to whom Plan Shares are issued or transferred or Performance Rights or Options granted, or to (or for whom) the Scheme Trustee issues Units or holds Plan Shares, under a Scheme being an Eligible Employee or Nominee Participant.

Pepper Group Employee Share Trust means the trust created by the trust deed entered into between the Company, as settlor, and (initially) Pepper ES Holdings Pty Limited, as Scheme Trustee, on or about the date of these Plan Rules (before amendments) were adopted.

Performance Condition means, in relation to a Performance Right, a condition prescribed by the Board as having to be satisfied (or waived by the Board) before the Performance Right becomes Vested, being a condition determined in accordance with Rule 11.3 and specified in an Offer Document.

Performance Right means a right to a Plan Share (including a Unit capable of being redeemed for an entitlement to a Plan Share) on satisfaction of Performance Conditions, and includes any interests in a Plan Share prior to that right becoming Vested.

Plan means the employee incentive plan governed by these Plan Rules.

Plan Rules means these rules as varied from time to time in accordance with Rule 26.

Plan Share means each Share (of any class determined by the Board from time to time) that:

- (a) a Participant is entitled to acquire or acquires; or
- (b) is held by the Scheme Trustee for that Participant,

as the context requires, whether on a Performance Right becoming Vested, exercise of an Option or as a result of a direct issue or transfer by the Company in accordance with these Plan Rules and any applicable Offer Document.

Plan Share Condition means, in relation to a Plan Share that is directly issued or transferred, a condition prescribed by the Board as having to be satisfied (or waived by the Board) before the Participant has an unrestricted entitlement (subject to the terms of the Scheme Trust Deed where the Plan Share is held in the Scheme Trust) in respect of that Plan Share, being a condition determined in accordance with Rule 11.3 and specified in an Offer Document

PPSA means the *Personal Property Securities Act 2009* (Cth).

Scheme means an employee incentive scheme under the Plan and governed by these Plan Rules.

Scheme Trust means any trust established for or in connection with the holding Plan Shares on behalf of, or granting of Performance Rights in the form of Units to, Participants under a Scheme and, includes, as at the date of these Plan Rules, the Pepper Group Employee Share Trust.

Scheme Trust Deed means the trust deed establishing a Scheme Trust (and includes any amendments made to that deed from time to time).

Scheme Trustee means, in relation to a Scheme Trust, the trustee of that Scheme Trust.

Security Interest means:

- (a) a mortgage, charge, pledge, lien, encumbrance, security interest, title retention, preferential right, trust arrangement, contractual right of set off or any other security agreement or arrangement in favour of any person; and
- (b) without limiting paragraph (a) of this definition, a "security interest" as defined in the PPSA.

Share means a share in the capital the Company.

Takeover Bid has the meaning given by section 9 of the Corporations Act.

Takeover Event means:

- (a) a Takeover Bid is made to acquire all or some of the shares of the Company or its holding company (whichever is admitted to the Official List of ASX), and:
 - (i) the offer is or becomes unconditional; and
 - (ii) the bidder has a relevant interest in more than 50% of the shares of the Company or its holding company (as the context requires) on issue; or
- (b) the Company lodges with ASIC a draft explanatory statement for a scheme of arrangement that the Company proposes to enter into under Part 5.1 of the Corporations Act, which, if approved and implemented, will result in a person having a relevant interest in more than 50% of the shares of the Company or its holding company (as the context requires) on issue after the scheme is implemented, and the scheme is approved by the court.

Terms of Offer means, in relation to a Performance Right, Plan Share or Option, the terms determined by the Board and stated in the Invitation or other Offer Document (or any combination) to apply to that Performance Right, Plan Share or Option.

Unit means a unit in a Scheme Trust carrying the rights stated in the Scheme Trust Deed.

Vested means, in relation to a Performance Right, Plan Share or Option, the Vesting Conditions for that Performance Share, Plan Share or Option having been satisfied (or waived by the Board) in accordance with these Plan Rules and any other applicable Offer Document.

Vesting Condition means in relation to:

- (a) a Performance Right, a Performance Condition;
- (b) a Plan Share, a Plan Share Condition; or

- (c) an Option, an Exercise Condition.

2 Interpretation

In these Plan Rules and each Offer Document, except where the context otherwise requires:

- (a) the singular includes the plural and vice versa;
- (b) any gender includes the other genders;
- (c) if an expression is defined, its other grammatical forms have corresponding meanings;
- (d) "includes" means includes without limitation;
- (e) a reference to:
 - (i) a person includes the person's legal personal representatives, successors, assigns and persons substituted by novation;
 - (ii) any legislation includes subordinate legislation under it and includes that legislation and subordinate legislation as consolidated, modified, re-enacted or replaced;
 - (iii) the Listing Rules includes a reference to those Listing Rules as amended, consolidated, or replaced and
 - (iv) these Plan Rules, an agreement or document includes these Plan Rules, agreement or document as amended or replaced;
- (f) if the date on or by which any act must be done is not a Business Day, the act must be done on or by the next Business Day;
- (g) where time is to be calculated by reference to a day or event, that day or the day of that event is excluded;
- (h) terms which are defined in the Corporations Act bear the same meaning when used in these Plan Rules or an Offer Document; and
- (i) headings are inserted for convenience only and do not affect construction or interpretation of these Plan Rules.

3 Prior rules

For the avoidance of doubt, these Plan Rules supersede and replace all prior rules in relation to the Plan.

Introduction

4 Name of Plan

This Plan shall be known as the Pepper Group Employee Incentive Plan.

5 Implementation of Schemes under the Plan

- (a) Under the Plan, the Company may implement one or more Schemes (including Exempt Schemes) the terms of which are to be set out in the relevant Offer Documents relating to that Scheme.

- (b) For the purposes of these Plan Rules, a Scheme is an 'Exempt Scheme' if it qualifies for and relies on Class Order Relief.
- (c) Among the conditions for qualification for Class Order Relief are that the Company, must, at the time of making an offer under the Scheme, have reasonable grounds to believe that the aggregate of:
 - (i) the number of Plan Shares of a particular class that have been or may be issued under the offer; and
 - (ii) the number of Plan Shares that have been or may be issued as a result of offers made at any time during the previous 3 year period under the same or any other Exempt Scheme,will not exceed 5% of the total number of Shares in that class on issue.

6 Purposes of Plan

The purpose of this Plan is to assist in the motivation, retention and reward of Employees by enabling them to acquire equity interests in the Company.

7 Commencement of Plan Rules

These Plan Rules take effect immediately upon their approval by the Company's shareholders existing Participants and adoption by the Board.

8 Financial assistance

The Company may financially assist a Participant (including by making an Advance to an Eligible Employee) to acquire Plan Shares offered under a Scheme.

Eligibility and approvals

9 Eligibility

The Board may determine whether or not an Eligible Employee is entitled to participate in a Scheme.

10 Approvals

The issue of Plan Shares or the grant of Performance Rights or Options under a Scheme is subject to the Company obtaining any necessary shareholder or other approvals, under any Applicable Law.

Invitations and Advances

11 Invitation

11.1 Board may issue Invitations

Subject to these Plan Rules, the Board may, in such form as the Board determines, issue to an Eligible Employee a written Invitation to apply for Plan Shares, Performance Rights, or Options (or any combination) under a Scheme.

11.2 Terms of Offer

The Board may determine, and must state in the Invitation:

- (a) the number of Plan Shares, Performance Rights or Options which the Eligible Employee may apply for or how the number will be calculated;
- (b) if there is an Issue Price for a Plan Share or grant of a Performance Right or Option, the amount or how it is calculated;
- (c) the Exercise Price for an Option or how it is calculated;
- (d) the final date by which an Option may be exercised;
- (e) each Vesting Condition that applies to a Performance Right, Plan Share or Option;
- (f) any period or periods during which a Performance Right, Plan Share or Option may vest;
- (g) whether Plan Shares are to be issued:
 - (i) directly to the Participant; or
 - (ii) to the Scheme Trustee to be held on trust for the Participant;
- (h) any Disposal Restrictions applicable to Plan Shares; and
- (i) any other conditions that apply to Plan Shares, Performance Rights or Options.

11.3 Plan Share Conditions

The Board may, as part of the Terms of Offer in relation to directly issued Plan Shares, determine that the Plan Shares are subject to Plan Share Conditions. The Invitation must specify the nature of those Plan Share Conditions, that the Plan Shares affected by them do not Vest until those Plan Share Conditions are satisfied (or waived by the Board), the rights or entitlements in respect of the Plan Shares that cannot be exercised until Vesting and any rights of the Participant of non-satisfaction (or waiver by the Board) of the Plan Share Conditions.

11.4 Performance Conditions

The Board may, as part of the Terms of Offer in relation to Performance Rights, determine that the Performance Rights are subject to Performance Conditions. The Invitation must specify the nature of those Performance Conditions, that the Performance Rights affected by them do not Vest until those Performance Conditions are satisfied (or waived by the Board) and any rights of the Participant on non-satisfaction (or waiver by the Board) of the Performance Conditions.

11.5 Exercise Conditions

The Board may, as part of the Terms of Offer in relation to Options, determine that the Options are subject to Exercise Conditions. The Invitation must specify the nature of those Exercise Conditions and that those Options may not be exercised unless those Exercise Conditions are satisfied (or waived by the Board).

11.6 How to apply for Plan Shares, Performance Rights or Options

An Eligible Employee may apply for a Plan Share, Performance Right or Option by duly completing, signing, and delivering an application, in response to an Invitation, in the form and manner required by the Board.

11.7 Undertaking to be bound

By applying for a Performance Right, Plan Share or Option, an Eligible Employee (and, if applicable, his or her Nominee Participant) agrees, as the context permits, to be bound by these Plan Rules and each other Offer Document applicable to the relevant Scheme.

11.8 Independent advice

Any advice given by the Company to an Eligible Employee (and, if applicable, his or her Nominee Participant) in relation to Plan Share, Performance Rights or Options offered under a Scheme is general advice only and does not take into account the objectives, financial situation and needs of that person. Each Eligible Employee (and, if applicable, his or her Nominee Participant) should consider obtaining their own independent financial product advice from a person licensed by ASIC to give such advice.

12 Loan Shares**12.1 Company may make advance**

- (a) The Company may make an Advance to an Eligible Employee to assist the Eligible Employee (or where he or she is not the Participant, the Nominee Participant) to acquire Plan Shares under a Scheme (**Advance**).
- (b) The loan agreement for an advance must:
 - (i) be in writing;
 - (ii) state the terms and conditions of the Advance; and
 - (iii) be in such form as the Board determines from time to time.
- (c) Upon acceptance of the Advance, the Eligible Employee (and Participant if not the Eligible Employee) shall be bound by the terms of the loan agreement and the Participant will be taken to have irrevocably directed the Company to apply the Advance to the payment of the Issue Price of the applicable Plan Shares.

12.2 Lien

The Company shall have a lien over any Plan Shares the acquisition of which is ultimately funded using the proceeds of an Advance, until the total Amount Outstanding has been repaid.

Issue or transfer of Plan Shares, Performance Rights or Options**13 Company to issue, transfer or grant****13.1 Issue and grant to Participant**

After receipt by the Company of:

- (a) an application (and, in applicable circumstances, a transfer form) for Plan Shares, Performance Rights or Options under a Scheme in accordance with Rule 11.6;
- (b) the Issue Price for the Plan Shares, Performance Rights or Options (including pursuant to Rule 12.1(c)),

the Company may, at its discretion (including as to whether or not it approves of the identity of a Nominee Participant), issue or transfer Plan Shares or grant Options subject to these Plan Rules and the terms of each Offer Document applicable to that Scheme.

13.2 Issue or transfer of Plan Shares to Scheme Trustee

- (a) As part of the Terms of Offer, the Board may determine that any Plan Shares offered to a Participant are to be held by the Scheme Trustee for the benefit of that Participant on and subject to the terms of the Scheme Trust Deed and all other Offer Documents applicable to the relevant Scheme.
- (b) Subject to Rule 13.2(c), if the Company determines to direct the Scheme Trustee to issue Performance Rights in the form of Units to a Participant, the Company must also issue or cause the transfer of a corresponding number of Plan Shares to the Scheme Trustee to be held in the Scheme Trust.
- (c) If, the issue or transfer of Plan Shares to the Scheme Trustee under Rule 13.2(b) would cause the number of Plan Shares held by the Scheme Trustee for holders of Units (**Relevant Plan Shares**) to exceed the number of corresponding Units on issue in the Scheme Trust (**Corresponding Units**), the Company need only issue or transfer to the Scheme Trustee that number of Plan Shares that causes the number of Relevant Plan Shares to equal the number of Corresponding Units.

14 Certificate

- (a) Subject to Rule 14(b), upon a person becoming a Participant, the Company will issue to the Participant a certificate setting out with respect to the issue, transfer or grant, as applicable:
 - (i) the name of the Participant;
 - (ii) the Acceptance Date;
 - (iii) the Terms of Offer or a reference to the Terms of Offer being set out in the applicable Invitation; and
 - (iv) a statement that the Plan Shares, Performance Rights or Options are granted subject to these Plan Rules and the terms of each Offer Document applicable to the relevant Scheme.
- (b) The Company need not comply with Rule 14(a) if the issue, transfer or grant relates to:
 - (i) Plan Shares issued to a Participant which are held, or to be held, by the Scheme Trustee for the Participant in accordance with any Offer Document; or
 - (ii) Performance Rights,and the Trustee issues a certificate under the terms of the Scheme Trust Deed.

15 Registers of Plan Shares, Performance Rights and Options

Plan Shares issued and Performance Rights and Options granted under a Scheme must be recorded in the appropriate register of the Company or Scheme Trustee (as the case may be).

16 Listing of Plan Shares on ASX

The Company will apply for quotation of Plan Shares issued under a Scheme within the period required by ASX.

Performance Rights and Options specific provisions

17 Performance Rights

17.1 Vesting of Performance Rights

If a Performance Right Vests:

- (a) subject to Rule 17.1(b), the Company must issue to or procure the transfer to the relevant Participant the number of Plan Shares to which the Participant is entitled on Vesting; and
- (b) if the Performance Right takes the form of Units, the Company must direct the Scheme Trustee to redeem the Unit in exchange for a beneficial entitlement to a Plan Share and to deal with the share in accordance with the terms of the Scheme Trust Deed and any other applicable Offer Document.

17.2 Rights attaching to Performance Rights

- (a) Except as expressly provided otherwise in an applicable Offer Document, a Performance Right confers no right to vote, attend meetings, participate in a distribution of profit or a return of capital or any other participating rights or entitlements on the Participant unless and until the Performance Right Vests.
- (b) The Company will not apply for official quotation of Performance Rights on the ASX.

17.3 Lapsing of Performance Rights

Unless the Board resolves otherwise, a Performance Right that has not Vested lapses on the earliest to occur of:

- (a) the date specified in the Terms of Offer for the purposes of Rule 11.2(f);
- (b) failure to meet any Performance Condition in relation to the Performance Right in the prescribed period (unless the Terms of Offer expressly state otherwise);
- (c) the Performance Right otherwise lapsing in accordance with the Plan Rules or the terms of any other applicable Offer Document.

18 Options

18.1 Rights attaching to Options

- (a) Except as expressly provided otherwise in an applicable Offer Document, an Option confers no right to vote, attend meetings, participate in a distribution of profit or a return of capital or any other participating rights or entitlements on the Participant unless and until the Option Vests.
- (b) The Company will not apply for official quotation of Options on the ASX.

18.2 Manner of exercise

When permitted to do so under this Rule 18.2 and each applicable Offer Document, a Participant may exercise an Option in the manner required by the Company, and where

applicable, by paying the Exercise Price to or as directed by the Company and delivering to the Company the Participant's Option certificate(s).

18.3 Requirements for exercise

A Participant may only exercise an Option:

- (a) on or before its Expiry Date; and
- (b) provided:
 - (i) the Option has not lapsed in accordance with Rule 18.5; and
 - (ii) all Exercise Conditions have been satisfied (or waived by the Board).

18.4 Board may extend Expiry Date

The Board may, with or without condition, resolve to extend the Expiry Date for an Option.

18.5 Lapsing of Options

Unless the Board resolves otherwise, an Option which has not Vested and/or which has not been validly exercised lapses on and may not be exercised after the earlier of:

- (a) its Expiry Date;
- (b) failure to meet any Exercise Condition in relation to the Option in the prescribed period (unless the Terms of Offer expressly state otherwise); or
- (c) the Option otherwise lapsing in accordance with the Plan Rules or the terms of any other applicable Offer Document.

Takeover Events, winding-up and variations of capital

19 Takeover Events and winding-up

19.1 Accelerating Vesting

- (a) Except as provided otherwise in an applicable Offer Document, if a Takeover Event occurs or an order is made for the winding-up of the Company, the Board may determine that, where the Vesting Conditions for Plan Shares, Performance Rights, or Options have not been satisfied that the Vesting Conditions cease to apply and the Plan Shares, Performance Rights or Options becomes immediately Vested if in the Board's absolute discretion, performance is in line with the Vesting Conditions (where applicable on a pro rata basis) over the period from the date of issue or transfer of the Plan Shares or grant of the Performance Rights or Options until the date of the Takeover Event.
- (b) Any Plan Shares, Performance Rights or Options which the Board determines do not Vest:
 - (i) in the case of Plan Shares are automatically forfeited; and
 - (ii) in the case of Performance Rights or Options, automatically lapse, unless the Board determines otherwise.

19.2 Acquisition of shares in Acquiring Company

If a company (**Acquiring Company**) obtains control of the Company as a result of a Takeover Event and the Company and the Acquiring Company agree in writing, a Participant may upon Vesting of Performance Rights or Options be provided with shares

of the Acquiring Company or its holding company in lieu of Plan Shares on substantially the same terms and subject to substantially the same conditions as the Plan Shares, but with appropriate adjustments to the number and kind of shares subject to the Performance Rights or Options (as the case may be).

20 Variations of capital

20.1 Bonus issues and reorganisations of capital

If, before a Performance Right or Option subject to Vesting Conditions becomes Vested:

- (a) the Company makes a bonus issue of ordinary Shares to all holders of ordinary Shares to whom such an offer would be lawful (other than in place of dividends or by way of dividend reinvestment); or
- (b) any reorganisation (including consolidation, subdivision, reduction or return) of the issued capital of the Company is effected,

the number of Plan Shares to which each Participant is entitled, or any amount payable, on Vesting of the Performance Rights or Options, or both as appropriate, will be adjusted in the manner determined by the Board to ensure that no material advantage or disadvantage accrues to the Participant as a result of such corporate actions.

20.2 Limited rights

- (a) Subject to Rule 20.1, before a Performance Right or Option subject to Vesting Conditions becomes Vested, Participants are not entitled to participate in any new issue of securities of the Company as a result of their holding Performance Rights or Options.
- (b) Plan Shares (including Loan Shares) held by a Participant will entitle the Participant to participate in new issues of securities on the basis that, where the Plan Shares are subject to a condition of forfeiture and under that condition are required to be forfeited:
 - (i) the securities acquired under the new issue are subject to the same condition of forfeiture and are forfeited on the same basis as the Plan Shares;
 - (ii) the Participant is deemed, at the election of the Board, to have:
 - (A) agreed to sell those forfeited securities to the Company pursuant to an Employee Share Scheme Buy-Back (as defined in the Corporations Act) for an amount equal to the amount paid, or other consideration provided by, the Participant to acquire those securities (or nil, where no consideration was provided by the Participant); or
 - (B) appointed any officer of the Company as his or her agent to sell the Plan Shares on market in which case the proceeds (net of any brokerage fees) are to be applied:
 - (1) to the Participant in the same proportion as the shares are paid up by the Participant (where the Participant paid an amount or provided other consideration to acquire those securities) with the Company to retain the balance (if any); or

- (2) to the Company where nil consideration was paid or provided by the Participant.

Forfeiture

21 Fraudulent or dishonest actions

- (a) Except where the terms of an applicable Offer Document provide otherwise, where, in the opinion of the Board, a Participant (or if the Participant is a Nominee Participant, the relevant Eligible Employee of that Nominee Participant):
- (i) acts fraudulently or dishonestly; or
 - (ii) is in breach of his or her obligations to any Group Company,
- then the Board may:
- (iii) deem:
 - (A) any Performance Rights or Options of the Participant that have not Vested to have lapsed; or
 - (B) any or all Plan Shares held by the Participant are forfeited – in which case the Participant is deemed, at the election of the Board, to have:
 - (1) agreed to sell those forfeited securities to the Company pursuant to an Employee Share Scheme Buy-Back (as defined in the Corporations Act) for an amount equal to the amount paid, or other consideration provided by, the Participant to acquire those securities (or nil, where no consideration was provided by the Participant); or
 - (2) appointed any officer of the Company as his or her agent to sell the Plan Shares on market in which case the proceeds (net of any brokerage fees) are to be applied:
 - (I) to the Participant in the same proportion as the shares are paid up by the Participant (where the Participant paid an amount or provided other consideration to acquire those securities) with the Company to retain the balance (if any); or
 - (II) to the Company where nil consideration was paid or provided by the Participant;
 - (iv) where any Plan Shares have been sold by the Participant, require the Participant to pay all or part of the net proceeds of that sale to the Company; or
 - (v) a combination of two or more of the consequences in sub-paragraphs (iii) and (iv).

- (b) Except where the terms of an applicable Offer Document provide otherwise, where, in the opinion of the Board, a Participant's Plan Shares, Performance Rights or Options Vest as a result of the fraud, dishonesty or breach of obligations of another person and, in the opinion of the Board, the Plan Shares, Performance Rights or Options would not otherwise have vested, the Board may determine that the Plan Shares, Performance Rights or Options have not Vested and may, subject to Applicable Laws, determine:
- (i) where Plan Shares have not been issued or transferred upon the Vesting of a Performance Right or Option, that the Performance Rights have not Vested and reset the Performance Conditions or Exercise Conditions as applicable;
 - (ii) where Plan Shares, Performance Rights or Options have vested, that the Plan Shares are forfeited by the Participant (with the same consequence as stated in Rule 21(a)(iii)(B)) and may, at the discretion of the Board, reissue any number of Plan Shares, Performance Rights or Options to the Participant subject to new Vesting Conditions in place of the forfeited Plan Shares; or
 - (iii) any other treatment in relation to Plan Shares, Performance Rights or Options to ensure no unfair benefit is obtained by a Participant as a result of such actions of another person.

22 Refund of monies paid on forfeiture

Unless Rule 21 applies, but subject always to the obligations of a Participant in relation to any Amount Outstanding in respect of any Loan Share, where a Performance Right or Option lapses, or a Plan Share is forfeited, the Company will repay the Participant an amount paid towards the Issue Price of the Performance Right, Plan Share or Option.

Issue or transfer of Plan Shares and ranking

23 Issue or transfer

Subject to these Plan Rules, if:

- (a) an application, in response to an Invitation, for Plan Shares is accepted by the Company; or
- (b) Vesting Conditions for Performance Rights or Options are satisfied (and in the case of Options, the Options are properly exercised),

in accordance with the applicable Offer Documents, the Company must within such period as is stated in or required by the Offer Documents (or failing that, within 10 Business Days), issue or cause to be transferred for the benefit the Participant the Plan Share to which the Participant is entitled upon such acceptance, satisfaction or exercise.

24 Plan Shares rank pari passu

All Plan Shares issued under a Scheme will rank pari passu in all respects with Shares of the same class for the time being on issue, except for any rights or entitlements already existing by reference to a record date before the Plan Shares were issued to the Participant.

Administration and variation

25 Administration

25.1 Board to administer

Each Scheme will be administered by the Board. The Board will have power to:

- (a) delegate to any person (or persons) for such period and on such terms as it sees fit, the exercise of any of its powers or discretions under a Scheme;
- (b) determine appropriate procedures for administration of a Scheme consistent with these Plan Rules, including approving the form and content of forms and notices to be issued under the Scheme; and
- (c) resolve conclusively all questions of fact, construction, interpretation or ambiguity in connection with the terms or operation of a Scheme or any Offer Document.

25.2 Board directions

The Board may give written directions to the Scheme Trustee in relation to any matter contemplated by these Plan Rules or any other Offer Document, in the form prescribed by the Scheme Trust Deed, or where no form is prescribed, in such form as the Board determines, including in relation to:

- (a) the subscription for or acquisition of Plan Shares;
- (b) the holding of Plan Shares (including forfeited Plan Shares), for the benefit of a Participant or Participants;
- (c) the transfer of Plan Shares to a third party; and
- (d) the issuing of Performance Rights in the form of Units to, or redemption of Units from, a Participant or to treat Units as forfeited and cancel them,

and the Trustee must act in accordance with such directions to the extent required by the terms of the Scheme Trust Deed.

25.3 Board has unfettered discretion

Except as otherwise expressly provided in the Plan Rules or any other Offer Document, the Board has absolute and unfettered discretion (without needing to obtain consent from any person) in the exercise of any of its rights, powers or discretions under each Offer Document and to act or refrain from acting under any Offer Document or in connection with a Scheme.

25.4 Fractions of Shares rounded

If application of these Plan Rules to a Participant's Plan Shares Performance Rights or Options results, by reference to the total number of Plan Shares, Performance Rights or Options that are affected, in a number of Shares that includes a fraction, the Board must round down the fraction to the nearest whole number, except where the Listing Rules require a different procedure for rounding (in which case the Company must comply with that requirement).

25.5 Payments net of tax

If, when the Board makes or is deemed to make a payment to a Participant or in any other circumstances, it is obliged to deduct or withhold any amount of tax or other

government levy or impost, the payment to the Participant is to be made net of the deduction or withholding.

25.6 Transaction costs

The Company may but is not required to bear all brokerage, commission or other transaction costs payable in relation to the acquisition of Plan Shares, Performance Rights or Options by Participants or a Scheme Trustee under a Scheme.

25.7 Board's decision is final

If there is any dispute or disagreement as to the interpretation of the Plan Rules or as to any right or obligation under or in relation to any Offer Document, the decision of the Board is final and binding on all persons in the absence of manifest error.

25.8 Adjustments to Plan in case of foreign resident Participant

If, in relation to a Performance Right, Plan Share or Option, the Participant is not a resident of Australia, the Plan Rules apply to the Performance Right, Plan Share or Option subject to whatever alterations or additions the Board may determine, having regard to any securities, exchange control, taxation laws or regulations applicable in the place of residence of the Participant or any other matter that the Board considers directly or indirectly relevant.

25.9 Attorney

Each Eligible Employee and Participant, in consideration of the issue or transfer of Plan Shares or grant of Performance Rights or Options under a Scheme:

- (a) shall be deemed irrevocably to appoint each Director of the Board as its attorney to jointly with any other Director, from time to time, complete and execute all documents, and to do all acts or things on behalf of and in the name of the Participant, which may be necessary or expedient for the purpose of giving effect to these Plan Rules or the terms of any other applicable Offer Document; and
- (b) if requested by the Board, must ratify and confirm any act or thing done pursuant to the power conferred by Rule 25.9(a) and releases and indemnifies each Director and the Company from and against any liability whatsoever arising from the exercise of any such power.

25.10 Data protection

By applying for Plan Shares, Performance Rights or Options, each Eligible Employee and Participant consents to the holding and processing of personal data provided by the Eligible Employee or Participant to the Company for all purposes relating to the operation of any Scheme. These purposes include:

- (a) administering and maintaining Eligible Employee or Participant records;
- (b) providing information to future purchasers of the Company or the business in which the Participant (or if the Participant is a Nominee Participant, the relevant Eligible Employee of that Nominee Participant) is Employed; or
- (c) transferring information about the Eligible Employee or Participant to a country or territory outside Australia.

25.11 Correction of errors

- (a) In the event that any error or mistake has been made:

- (i) in relation to the number of Plan Shares, Performance Rights or Options the subject of:
 - (A) an Invitation under Rule 11; or
 - (B) any certificate or statement regarding Plan Shares, Performance Rights or Options issued under Rule 14, or
- (ii) in any notice given by the Board in relation to a Vesting Condition, that Invitation, certificate, statement or notice, as the case may be, shall be null and void and of no legal effect to the extent of any such error or mistake and the Board may correct such error or mistake by notice to each affected Eligible Employee and Participant, without the need to obtain consent from that Eligible Employee or Participant, and, where appropriate, may issue an amended Invitation, certificate, statement or notice.
- (b) The Board must notify each affected Eligible Employee or Participant within a reasonable period after discovering and correcting the error or mistake.

26 Variations to Plan Rules and Scheme Trust Deed

26.1 Board may vary

Subject to Rule 26.2, the Board may by resolution:

- (a) vary (meaning, for the purposes of this Rule 26, vary, add to, revoke, substitute or replace) any term of these Plan Rules (other than this Rule 26) or any other Offer Document applicable to a Participant (other than the terms of an Scheme Trust); or
- (b) permit a Scheme Trustee to vary the terms of a Scheme Trust Deed, subject to receipt of any necessary shareholder or other approval required under any Applicable Law.

26.2 Exception where material adverse effect

The Board may not cause or permit any variation contemplated by Rule 26.1 if the variation would have a material adverse effect on the rights or obligations of a Participant in respect of a Plan Share issued or a Performance Right or Option granted to that Participant, or of an Eligible Employee under a loan agreement entered into, before the date of the variation, unless:

- (a) the variation is introduced primarily:
 - (i) for the purpose of complying with an Applicable Law;
 - (ii) to correct a manifest error;
 - (iii) to address possible adverse tax implications for Eligible Employees, Participants or the Company, arising from:
 - (A) a ruling of any relevant taxation authority;
 - (B) a change to tax legislation (including an official announcement by any relevant taxation authority); or
 - (C) the interpretation or a change in interpretation of tax legislation by a court of competent jurisdiction or by any relevant taxation authority; or

- (b) it has received the prior written consent of that Participant or Eligible Employee.

26.3 Board must notify

As soon as reasonably practicable after making a variation under this Rule 26, the Board must, by written notice, inform each Participant and Eligible Employee affected by the variation of the nature and extent of the variation.

General provisions

27 Terms of Employment

27.1 Employment not affected

The Plan Rules do not:

- (a) form part of any contract of Employment or any arrangement in respect of any such contract, between any Eligible Employee and a Group Entity; or
- (b) constitute a related condition or collateral arrangement to any such contract or arrangement,

and participation under a Scheme does not in any way affect the rights and obligations of the Eligible Employee under the terms of his or her Employment.

27.2 Rights and obligations under Scheme not affected

The terms of Employment of an Eligible Employee with a Group Entity do not in any way affect the rights and obligations of that person under a Scheme.

27.3 No claims

No Eligible Employee, Nominee Participant or other person has any right to compensation or damages from any Group Entity in respect of any loss of future rights under a Scheme, as a consequence of termination of an Eligible Employee's Employment.

28 No Disposal

28.1 Plan Shares

Except where permitted by the terms of an applicable Offer Document, a Participant must not Dispose of or otherwise deal with any Plan Share issued to the Participant if:

- (a) it is subject to Vesting Conditions, until it has become Vested;
- (b) it is subject to Disposal Restrictions, in breach of any Disposal Restrictions; or
- (c) it is a Loan Share, until such time as the total Amount Outstanding under the relevant Loan Agreement has been repaid in full,

except with the prior written consent of the Board.

28.2 Performance Rights and Options

Except where permitted by the terms of an applicable Offer Document, a Participant must not Dispose of or otherwise deal with any Performance Right or Option held by a Participant except with written consent of the Board.

29 Compliance

These Plan Rules, the terms of each Offer Document and the offering of Plan Shares, Performance Rights or Options under a Scheme are at all times subject to all Applicable Law.

30 Inconsistency

If there is any inconsistency between the provisions or terms of one Offer Document relating to a Scheme and the terms of any other Offer Document relating to a Scheme, the terms of the document listed first in the definition of 'Offer Document' will prevail to the extent of the inconsistency unless expressly stated otherwise in these Plan Rules.

31 Notices

- (a) Notices may be given by the Company to Participants in the manner permitted by the Corporations Act for the giving of notices to holders of Shares and the relevant provisions of the Corporations Act apply (with only the necessary changes having been made) to notices given to Participants.
- (b) Service of all documents required by a Scheme shall be deemed to be affected if the Company sends the document by registered post to the last address of the Eligible Employee or Participant (as the case may be) known to the Company.

32 Suspension or termination of a Scheme

- (a) The Board may, at any time:
 - (i) suspend the issuing of Plan Shares or granting of Performance Rights or Options under a Scheme; and
 - (ii) subject to Rule 32(b), terminate a Scheme.
- (b) If termination of a Scheme would have a material adverse effect on the rights or obligations of a Participant in respect of a Plan Share issued or Performance Right or Option granted to that Participant, or of an Eligible Employee under a loan agreement entered into, before the date of termination, the Board may not terminate the Scheme unless it has received the prior written consent of that Participant or Eligible Employee.

33 Governing Law

- (a) These Plan Rules are governed by and are to be construed in accordance with the laws applicable in New South Wales.
- (b) The Company, each Eligible Employee and each Participant irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of New South Wales and any courts which have jurisdiction to hear appeals from any of those courts and waives any right to object to any proceedings being brought in those courts.

Pepper Group Limited Long Term Incentive Scheme (LTI Scheme)

Introduction

Pepper Group Limited (**Company**) has established the LTI Scheme to assist in the motivation, retention and reward of senior management. The LTI Scheme is designed to align the interests of Qualifying Employees (as defined in section 1 of the Offer Terms below) with the interests of shareholders by providing an opportunity for the Qualifying Employees to receive an equity interest in the Company.

The awards offered under the LTI Scheme will comprise of:

- Performance Rights; or
- Performance Rights and either Options or Loan Shares,

offered in 2015, 2016 and 2017 (**LTI Awards**).

The LTI Scheme is made under the plan rules in respect of the Pepper Group Employee Incentive Plan (**Plan Rules**) and any offers made under the LTI Scheme are subject to the initial listing of the shares of the Company (**IPO**).

Each Qualifying Employee's offer of LTI Awards under the LTI Scheme will be set out in an Invitation which accompanies this document.

LTI Awards issued to Participants in the LTI Scheme (**LTI Participants**) will, until Vested and released, be held in the Scheme Trust by the Scheme Trustee pursuant to the terms of this document, the Plan Rules and the Scheme Trust Deed. A copy of the Plan Rules is provided with this document along with summaries of the Scheme Trust Deed and the Constitution of the Company. Copies of the Scheme Trust Deed and Constitution will be provided to Qualifying Employees on request at no charge and within a reasonable time.

Any offer made pursuant to this LTI Scheme will be subject to the terms of this document, the Plan Rules, the Scheme Trust Deed and the constitution of the Company and, in the case of Loan Shares a loan agreement between the Company, the Qualifying Employee and LTI Participant (if not the Qualifying Employee) (**Loan Agreement**), each an **LTI Offer Document**. Summaries of the Plan Rules and the Scheme Trust Deed accompany this document.

A Qualifying Employee need not participate in the LTI Scheme. The choice to participate (or not) in the LTI Scheme will not impact the Qualifying Employee's employment with a Group Entity or how the Qualifying Employee is regarded by the Company or any Group Entity. If a Qualifying Employee wishes to participate, they must return a duly completed and executed application (in the form attached to the Invitation accompanying this document) (**Application Form**) to the Company Secretary, by 5pm AEST, 28 July 2015. If a Qualifying Employee does not wish to participate, the Qualifying Employee need do nothing.

Before deciding whether or not to participate, Qualifying Employees should read and consider the terms of this document and the summaries of the Plan Rules and Scheme Trust Deed. Any advice in these documents is general advice only and does not take into account a Qualifying Employee's objectives, financial situation or needs. Neither the Company nor any other Group Entity makes any representation or recommendation about whether Qualifying Employees should participate in the LTI Scheme.

Qualifying Employees should consider obtaining financial product advice from a person who is licensed by the Australian Securities and Investments Commission to give such advice.

Words and phrases that have defined meanings in the Plan Rules have the same meanings when used in this document and the provisions of the Plan Rules in the sections of the Plan Rules headed 'Definitions and Interpretation' (i.e. Rules 1 to 3) and 'General' (i.e. Rules 27 to 33) apply to this document, with necessary changes, as if they were expressly stated in this document.

Offer Terms

<p>1. Eligibility</p>	<p>The LTI Scheme is open to Eligible Employees who are executive directors (including the CEOs) and senior management of the Company and who are approved by the Board to participate (Qualifying Employees). Non-executive directors are not entitled to participate in the Scheme.</p> <p>Qualifying Employees are entitled to nominate a Nominee Participant to take up an entitlement under this LTI Scheme as an LTI Participant.</p>
<p>2. Types of LTI Awards</p>	<p>The LTI Scheme permits the grant of LTI Awards comprising of:</p> <ul style="list-style-type: none"> • Performance Rights; or • Performance Rights and either Options or Loan Shares, <p>each as defined and described in section 3 below.</p> <p>Under the 2015 LTI Award, the combination of Performance Rights and Loan Shares will only be available to LTI Participants who are Australian residents.</p>
<p>3. Performance Rights, Options and Loan Shares</p>	<p><i>Performance Rights</i></p> <p>Performance Rights are an entitlement to receive an ordinary share of the Company (Share) upon satisfaction of applicable Vesting Conditions (see section 8 below). Performance Rights are to be issued for nil consideration</p> <p><i>Options</i></p> <p>Options are an entitlement to acquire Shares upon the satisfaction of applicable Vesting Conditions (see section 8 below) and payment of an applicable exercise price. Options are to be issued for nil consideration.</p> <p><i>Loan Shares</i></p> <p>Loan Shares are Shares issued for an issue price the payment of which is to be funded by a loan from the Company. Participants will be provided with a loan on the terms of a Loan Agreement. Loans will be interest free and have a term of seven years.</p> <p>The loan will be available for the sole purpose of subscribing for Loan Shares and with recourse limited to the Loan Shares.</p>

	Subject to the terms of the LTI Scheme Offer Documents, Loan Shares will be held on trust in the Scheme Trust until the Vesting Conditions are satisfied and the repaid in full or until the Loan Shares are forfeited (refer sections 8 and 10 below).
4. Offers under the LTI Scheme	The Board has the discretion to set the terms and conditions on which it will offer Performance Rights, Options and Loan Shares in individual Invitations.
5. Grant Date	The 2015 LTI Award will be made at or shortly after the date the ordinary shares of the Company are listed on the ASX. It is intended that the 2016 LTI Award will be made in January 2016 and the 2017 LTI Award in March 2017. In any case, all of the LTI Awards will be made within 3 years of the date of listing.
6. Maximum number of securities to be issued	The maximum number of Shares that may be issued on Vesting of the LTI Awards (assuming full Vesting) is expected to be approximately 5% of the post listing fully diluted capital of the Company.
7. Issue Price	<p>Unless the Board determines otherwise, Performance Rights and Options will be issued for nil consideration.</p> <p>The exercise price of Options and the subscription price for the Loan Shares under the 2015 LTI Award will be the price at which shares are offered under the IPO (IPO Issue Price).</p> <p>It is intended that the exercise price for any Options and the subscription price for any Loan Shares granted in subsequent allocations will be calculated based on the volume weighted average price for the Shares over the 15 trading days prior to the grant of the award, or such other period that the Board determines.</p>
8. Vesting Conditions	<p>The Vesting Conditions that apply to LTI Awards are set out in Schedule 1 to this document.</p> <p><i>Vesting Conditions not satisfied</i></p> <p>In the event that the Vesting Conditions have not been satisfied (following any necessary retesting in accordance with Schedule 1):</p> <ul style="list-style-type: none"> • Performance Rights and Options will lapse; • Loan Shares will be forfeited and any corresponding loan obligation will be extinguished; and <p>Where Loan Shares are forfeited, any voluntary repayments the LTI Participant has made against the loan (other than as result of dividends paid, and applied to the repayment of the loan, by the Company) will be repaid to the LTI Participant.</p>

	<p><i>Vesting Conditions satisfied</i></p> <p>In the event that the Vesting Conditions have been satisfied (following any necessary retesting in accordance with Schedule 1) LTI Awards will Vest in accordance with the procedure set out in Schedule 1 to this document and the rights and obligations of LTI Participants are as stated in the LTI Offer Documents.</p> <p><i>Additional conditions in relation to Loan Shares</i></p> <p>The following additional conditions apply in relation to Loan Shares that have Vested:</p> <ul style="list-style-type: none"> • the Loan Shares will continue to be held in the Scheme Trust until such time as the loan has been repaid in full or otherwise discharged; • if the loan reaches maturity, or the employment of the relevant Qualifying Employee terminates, the Qualifying Employee will have 30 days to repay the Amount Outstanding, failing which the Scheme Trustee will dispose of sufficient Loan Shares to cover the Amount Outstanding (noting that any such sale event may be a taxable sale for the LTI Participant) and transfer the remaining Loan Shares (if any) to the LTI Participant. <p><i>Unallocated Shares</i></p> <p>In the event that a termination or forfeiture event gives rise to the Scheme Trustee holding unallocated Shares, those Shares may be reallocated or transferred to other participants under other Employee Incentive Schemes, including other participants under the LTI Scheme.</p>
<p>9. Rights associated with LTI Awards</p>	<p><i>Performance Rights and Options</i></p> <p>Unless the Board determines otherwise, a Performance Right or Option does not confer any right to vote, attend meetings or participate in a distribution of profit or a return of capital before Vesting.</p> <p><i>Loan Shares</i></p> <p>The rights of participants with respect to their Loan Shares will be governed by the terms of the Scheme Trust for as long as those Shares are held on trust. While the Loan Shares are held on trust, LTI Participants will be entitled to the income received on those Loan Shares but, subject to the terms of the Incentive Scheme Trust, will not be entitled to vote those Loan Shares. The Scheme Trustee will be entitled to vote the Loan Shares it holds on trust pursuant to the LTI Scheme.</p> <p>Any income received on Loan Shares while held on trust will be applied towards satisfaction of any outstanding loan amount relating to those Loan Shares except to the extent of a provision made by the Company for the LTI Participant to satisfy tax obligations in relation to such income.</p>

<p>10. Cessation of employment</p>	<p>Termination for cause</p> <p>Where the LTI Participant's employment with the Group is terminated because they:</p> <ul style="list-style-type: none"> • engage in serious or wilful misconduct; • are seriously negligent in the performance of their duties; • commit a serious breach of their employment contract; • commit an act, whether at work or otherwise, which brings the Company or a Group entity into disrepute; or • are convicted of an offence punishable by imprisonment, <p>(termination for cause), all of their unvested LTI Awards will lapse or be forfeited as appropriate, unless the Board determines otherwise.</p> <p>Cessation for other reasons</p> <p>If the LTI Participant's employment ceases for any other reason, unless the Board determines otherwise, the unvested Tranche of LTI Awards for the Financial Year in which the LTI Participant's employment ceases will vest in accordance with the procedure set out in Schedule 1, except that the entitlement will be determined on a pro rata basis by reference to the portion of the Review Period that has elapsed up to the date of their cessation and will not be subject to retesting under paragraph 3 of Schedule 1 to this document. In all other respects, the LTI Participant's entitlements under the LTI Scheme will lapse or be forfeited (as appropriate).</p> <p>Where Loan Shares are forfeited, the corresponding loan obligation will be extinguished and any voluntary repayments the LTI Participant has made against the loan (other than as result of dividends paid, and applied to the repayment of the loan, by the Company) will be repaid to the LTI Participant.</p> <p>The LTI Participant will be notified of the Board's decision, and the impact on their LTI Awards, shortly after they cease employment.</p>
<p>11. Restrictions on dealing</p>	<p>LTI Participants are subject to the restrictions on dealing set out in the Plan Rules while their Performance Rights, Options or Loan Shares are not Vested. These restrictions also apply to Vested Loan Shares in respect of which there is an Amount Outstanding.</p> <p>Subject to the requirements of the Company's securities dealing policy, an LTI Participant will be free to deal with the Shares allocated on Vesting of Performance Rights and exercise of Options, or Vested Loan Shares in respect of which the loan has been repaid.</p>

12. Risks	<p>The future value of any listed company's shares cannot be predicted. The Loan Shares and any Shares issued on the Vesting of Performance Rights or Vesting and exercise of Options will be quoted on the ASX and the share price will vary due to a number of different economic and financial market factors in addition to any variance in performance and profitability of the Company or other Group Entities. As a result, the value of the Shares may increase or decrease.</p> <p>There are other risks in owning shares generally as well as risks associated with the business of the Company or any Group Entity.</p>
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Schedule 1 Vesting conditions

1. Definitions

In this Schedule:

Accounts means the audited financial statements of the Group for the relevant Financial Year.

Average Shareholder Equity means, for a Review Period, the average of the Opening Shareholder Equity and the Closing Shareholder Equity, in each case for that Review Period.

Closing Shareholder Equity means, in relation to a Review Period, Opening Shareholder Equity less dividends paid plus new equity raised during that Review Period and plus NPAT for that Review Period.

Financial Year means the period commencing on 1 January of a given year and ending 31 December of the same year.

First Vesting Date means:

- (a) in respect of the 2015 LTI Award, 30 April 2017;
- (b) in respect of the 2016 LTI Award, 30 April 2017; and
- (c) in respect of the 2017 LTI Award, 30 April 2018.

Group means the Company and each of the Group Entities.

Net Profit After Tax (or NPAT) means 'Adjusted NPAT' as defined in the Prospectus (i.e. net profit after tax adding back Acquisition Amortisation), but also adjusted for net profit after tax arising from new equity raised for acquisitions, determined by reference to the Accounts. For the purpose of CY2015, NPAT will be calculated in the same manner as Pro Forma Forecast NPAT (subject to any adjustment for equity raised for acquisitions, if relevant) as set out in Section 3 of the Prospectus.

Opening Shareholder Equity means, in relation to a Review Period, shareholder equity determined from the Accounts for the Financial Year preceding the Review Period.

Prospectus means the prospectus issued by the Company for the IPO.

Review Period means:

- (a) except as provided in paragraph (b) of this definition, the relevant Financial Year preceding a Vesting Date; or
- (b) in respect of a retesting of the Vesting Conditions as contemplated by section 3 of this Schedule, the relevant Financial Years preceding a Vesting Date.

Return on Equity (or ROE) means, for a Review Period, NPAT for that Review Period divided by the Average Shareholder Equity for that Review Period.

Second Vesting Date means, for an LTI Award, the date that is the first anniversary of the First Vesting Date of that LTI Award.

Third Vesting Date means, for an LTI Award, the date that is the second anniversary of the First Vesting Date of that LTI Award.

Vesting Date means a First Vesting Date, a Second Vesting Date or a Third Vesting Date as the context requires.

2. Vesting conditions

Continuing employment condition

Subject to section 10 of the Offer Terms, each LTI Participant (or Qualifying Employee if not the Participant) must be employed by a member of the Group at, and must have been employed by a member of the Group at all times from the date that LTI Participant's participation in the LTI Scheme commenced until, the relevant Vesting Date.

Tranches

Each LTI Award will Vest in three equal tranches (each a **Tranche**), on the First, Second and Third Vesting Dates respectively, based on the performance of the Group in each of the three relevant Review Periods (with the first such Review Period being the 2016 Financial Year in the case of the 2015 LTI Award and 2016 LTI Award). Following such Vesting (if any) LTI Awards will be subject to retesting in accordance with paragraph 3 below.

With the exception of the first Tranche of each of the 2015 LTI and 2016 LTI Awards, the Vesting Conditions for the LTI Awards will be apportioned as to 50% to a NPAT performance condition (**NPAT Vesting Entitlement**) and as to 50% to an ROE performance (**ROE Vesting Entitlement**), each a **Vesting Entitlement** and collectively the **Vesting Entitlements**. The Vesting Entitlements will be applied to each class of LTI Award (i.e. Performance Rights, Options and Loan Shares) as set out below.

For the NPAT Vesting Entitlement of the first Tranche of the 2015 and 2016 LTI Awards, Vesting will occur on achievement of a 25% or greater increase in NPAT for the 2016 Financial Year relative to the 2015 Financial Year. For all other Tranches, Vesting is determined as follows:

NPAT (Tranche 2 and Tranche 3 of the 2015 and 2016 LTI Awards and Tranches 1, 2 and 3 of the 2017 LTI Award)

NPAT performance condition (percentage increase on prior Financial Year NPAT)	% of NPAT Vesting Entitlement attributable to NPAT performance condition
Less than 15%	Nil
15% - 17.49%	30% + 0.08% for each basis point in excess of 15% up to 17.49% (rounded to the nearest whole number)
17.5% - 19.99%	65% + 0.08% for each basis point in excess of 17.5% up to 19.99% (rounded to the nearest whole number)
20% or greater	100%

ROE (Tranche 1, 2 and Tranche 3)

ROE performance condition	% of ROE Vesting Entitlement attributable to ROE performance condition
Less than 12%	Nil
12% - 15.99%	30% + 0.05 for each basis point in excess of 12% up to 15.59% (rounded to the nearest whole number)
16% - 19.99%	65% + 0.05 for each basis point in excess of 16% up to 19.99% (rounded to the nearest whole number)
20% or greater	100%

3. Retesting of Vesting Conditions

The Vesting Entitlements of each LTI Award are subject to retesting based on the average Vesting Entitlement performance of the Group over combined Review Periods for the first and second Tranches and combined Review Periods for the first, second and third Vesting Entitlement Tranches respectively as determined in accordance with the procedure set out below.

Second Vesting Date Retest Entitlement

Step 1: Assess the LTI Participant's first Tranche Vesting Entitlement for the NPAT or ROE performance condition (as the case may be), being the Vesting Entitlement for that performance condition determined in accordance with paragraph 2 above for the first Review Period (for the purposes of this paragraph 3 referred to as the **First Tranche Result** or **1TR**). If the First Tranche Result for a performance condition is equal to 100%, the Vesting Condition for that Vesting Entitlement is satisfied, 100% of the Vesting Entitlement for that first Tranche Vests and no retesting will apply. If the First Tranche Result for a performance condition is less than 100%, proceed to Step 2.

Step 2: Assess the LTI Participant's second Tranche Vesting Entitlement for that performance condition, being that performance condition's Vesting Entitlement determined in accordance with paragraph 2 above for the second Review Period (for the purposes of this paragraph 3, referred to as the **Second Tranche Result** or **2TR**).

Step 3: Determine the Second Vesting Date Retest Entitlement (or **SRE**) for that performance condition being the amount determined in accordance with the following formula:

$$SRE = A + B$$

where:

$$A = \frac{[1TR + 2TR]}{2} - 1TR$$

$$B = \frac{[1TR + 2TR]}{2} - 2TR$$

provided that, if A or B results in a number less than zero, substitute such number with zero as the value for A or B

Step 4: Add the Second Vesting Date Retest Entitlement to the combined Vesting Entitlements for the First and Second Tranche for that performance condition.

Worked Example 1

Assume the Group achieves an ROE First Tranche Result of 12% and an ROE Second Tranche Result of 16%.

Applying the methodology in paragraph 2 above, 35% of the first Tranche has Vested and 65% of the second Tranche has Vested.

Accordingly the First Tranche Result = 35 and the Second Tranche Result = 65.

Determining the Second Vesting Date Retest Entitlement:

$$A = \frac{[35 + 65]}{2} - 35 = 15\%$$

$$B = \frac{[35 + 65]}{2} - 65 = 0 \text{ [Given the result cannot be } < 0 \text{]}$$

Second Review Period Retest Entitlement = 15% (being 15 + 0)

Third Vesting Date Retest Entitlement

- Step 1: Assess the values for the First Tranche Result, Second Tranche Result, A and B for the NPAT or ROE performance condition (as the case may be) in accordance with the Second Review Period Reset Entitlement section above.
- Step 2: Asses the LTI Participant's third Tranche Vesting Entitlement for that performance condition, being that performance condition's Vesting Entitlement determined in accordance with paragraph 2 above for the third Review Period (for the purposes of this paragraph 3, referred to as the **Third Tranche Result** or **3TR**).
- Step 3: Determine the Third Vesting Date Retest Entitlement (or **TRE**) being the amount determined in accordance with the following formula:

$$TRE = C + D + E$$

where:

$$C = \frac{[1TR + 2TR + 3TR]}{3} - [1TR + A]$$

$$D = \frac{[1TR + 2TR + 3TR]}{3} - [2TR + B]$$

$$E = \frac{[1TR + 2TR + 3TR]}{3} - 3TR$$

provided that, if C, D or E results in a number less than zero, substitute zero as the value for C, D or E (as appropriate)

- Step 4: Add the Third Vesting Date Retest Entitlement to the combined Vesting Entitlements for the First, Second and Third Tranche for that performance condition.

Worked Example 2

Assume the results from the Worked Example 1 above, namely that the First Tranche Result = 35; Second Tranche Result = 65; A = 15; B = 0.

In addition, assume that the ROE performance condition result for the third Review Period results in a Third Tranche Result for the ROE performance condition of 90%.

Determining the Third Vesting Date Retest Entitlement:

$$C = \frac{[35 + 65 + 90]}{3} - [35 + 15] = 13.33\%$$

$$D = \frac{[35 + 65 + 90]}{3} - [65 + 0] = 0 \text{ [Given the result cannot be } < 0 \text{]}$$

$$E = \frac{[35 + 65 + 90]}{3} - 90 = 0 \text{ [Given the result cannot be } < 0 \text{]}$$

Third Vesting Date Retest Entitlement = 13.3% (being 13.33 + 0 + 0)